



Financial statements
Richmond House School
(a company limited by guarantee)

For the Year Ended 31 August 2011



Company No. 1270675

Legal and administrative details

Directors and Governors

D Stubbs – Chairman
C Shuttleworth – Vice Chair
P S Jeavons
S Liddington
M Grange
N Barnes
P Jolly
J Hall

Headmistress

J Disley

Bursar

G Newsome

Registered office

168/172 Otley Road
Leeds
LS16 5LG

Bankers

National Westminster Bank plc
29 Boar Lane
Leeds
LS1 2HL

Solicitors

Walker Morris
Kings Court
12 Kings Street
Leeds
LS1 2HL

Auditor

Grant Thornton UK LLP
Chartered Accountants
Registered Auditors
No 1 Whitehall Riverside
Leeds
LS1 4BN

Company registration number

1270675

Registered charity number

505630

Contents to the financial statements

Report of the Governors	3 - 7
Report of the independent auditor	8 - 9
Principal accounting policies	10 - 11
Statement of financial activities	12
Balance sheet	13
Notes to the financial statements	14 - 20

Report of the Governors

The Governors, who are also directors for the purposes of the Companies Act and act as Trustees for the charitable activities of Richmond House School ("the Charity" or "the School") present their report together with the financial statements of the Charity for the year ended 31 August 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The School was incorporated on 28 July 1976 as a company limited by guarantee. The School is governed by the Memorandum and Articles of Association as amended on 27 March 2006, the liability of each member being limited to £1.

Trustee selection method

The Trustees of the School are members of the Charity. A new member will be admitted to the Board of Governors on the approval of the existing Board of Governors which shall have absolute discretion as to the admission of any person. The Chairperson reviews the policies over selection, recruitment and training of Governors on a regular basis.

All new Governors serve a probationary period and then, if satisfactory in the execution of their duties, have their appointment to the governing body ratified at the AGM. The Governor's term of office is normally four years with re-election required at the AGM for up to three terms.

Directors and Governors

The present membership of the Board of Governors is set out below. All served on the Board throughout the year, except where indicated otherwise.

D Stubbs (Chairman)
C Shuttleworth (Vice Chair)
P S Jeavons
S Liddington
M Grange
N Barnes
P Jolly
J Hall
P Smith (resigned 14 March 2011)

Organisational Management

The Governors meet as a whole body at least four times per annum to review the School's activities and strategies and determine the general policy of the School. The day to day management of the School is delegated to the Headmistress and her senior management team.

Governors are advised of any changes in governance requirements and informed of training courses and conferences to further their knowledge. The School is a member of the Association of Governing Bodies of Independent Schools (AGBIS) which runs training courses for governors and advises on best practice.

Report of the Governors (continued)

Risk management

The Governors continue to keep the School's activities under review, particularly with regard to any major risks that may arise as well as the systems and procedures that have been established to manage and mitigate the risks as far as practical

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Company, and are satisfied that systems are in place to manage and mitigate exposure to the major risks

OBJECTIVES AND ACTIVITIES

Objects of the Charity

The objects of the School as detailed in the Memorandum of Association are to promote and provide for the advancement of education and training and in connection therewith to conduct, carry on, acquire and develop in the United Kingdom any boarding or day school or schools for the education of children of either sex or both sexes

Principal activity

The Charity's principal activity is the operation of Richmond House School, a day school in North Headingley, Leeds. The School is registered as a charitable organisation. The main areas of the charitable activity are the provision and advancement of education and training. The activities and achievements that flow from our work are described below

Strategies and Objectives

The Board's strategic aim to reach its annual objective for the public benefit, as a charitable Independent School, is to foster pupils' academic and personal development in a challenging, caring and happy environment that enables all to achieve their full potential. Also to further widen access to the School in order to benefit those children of lower income or otherwise disadvantaged families, opening up the school facilities for the benefit of third parties and the local community as well as pupils being involved in the wider community, enhances the strategy

Objectives for the year

The Board's main objectives were

- To continue to provide the highest possible educational and personal development opportunities for all pupils, including links with the local community and charitable events
- To widen access to the school further through the extension of means-tested bursaries
- To implement plans to improve access and facilities within the school as part of the 5 year strategic plan, including completion of the school travel plan and implementation of the key initiatives within in the academic and aesthetic curriculum
- To gain Eco-schools status

Public benefit

In the furtherance of the Objects of the Charity the Directors, as Trustees, have complied with the duty in s 4 of the Charities Act 2006 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under that Act

Report of the Governors (continued)

This is divided into two main areas

- a) The School facilities are used by a number of external organisations and sports teams. These are mainly football, tennis, cricket, bowling and petanque, supported through subsidised hire rates to promote use in the local community
- b) Grant making. The School operates a bursary fund to assist new applicants to the school or an existing pupil where a change in parent/guardian's circumstances has resulted in a difficulty to meet tuition fees. This fund is primarily used to broaden the access to the school. Size and use of this fund is reviewed by the Governors to ensure restricted funds are used appropriately and any matching of donated funds or supplements from unrestricted income to the bursary fund are carefully managed. Availability of bursaries is advertised on the school website – www.rhschool.org

The support is available on a needs basis via application to the Bursar. The bursary award is considered with the Headmistress and a joint recommendation is reached and presented to the Governors. Grants of £14,982 (2010 £13,807) were made in 2010/11

REVIEW OF ACHIEVEMENT AND PERFORMANCE FOR THE YEAR

Achievements and performance

The school has continued to provide high educational and personal development opportunities for all pupils, including links with the local community and charitable events

Academic success has been achieved individually and on a team basis, locally and nationally. Year 5 children were again successful in the Eurotalk Junior Language challenge, reaching the finals in London for a second consecutive year. The school won the girls section of the primary schools badminton competition and the Under 9's netball team remained unbeaten all season.

The pupils moving onto senior schools achieved excellent results. In the year to August 2011, our examination success resulted in 8 scholarships being awarded.

Attaining academic achievements was not at the expense of delivering a varied curriculum in the sports, music and drama arenas. There are over 80 children learning musical instruments with many taking part in one of the school groups – rock band, choir, jazz choir and orchestra. Informal concerts are also held during the year for children to play in front of a small audience. The year end production of 'The Tempest' was a great success, showcasing the talents of our Year 6 children. A number of children competed in music and drama festivals achieving awards.

On the sports field our ten acres of grounds hosted many events – football, cricket, rugby, netball, athletics, cross country – and children were successful in gaining judo belts, gymnastics, swimming, ballet and dance awards. The school also has a thriving number of lunchtime and after school clubs and activities.

The Parents Association carry out many fundraising events to contribute to school life. The School celebrated its 75th anniversary during the year which culminated in a fun day, with balloon races, memorabilia from past years, historic performances from the children celebrating our past and alumni visits. Funding was provided for a new cycle rack, a contribution towards a new foundation stage canopy and a rolypig composter.

Report of the Governors (continued)

During the year the school obtained the silver Eco-Schools award. Initiatives included kitchen waste composting, use of software to analyse and manage nutritional standards in our catering operation, implementation of some light sensor switches and significant recycling of batteries, printer cartridges and paper. To tie in with National Energy Saving week the Eco Schools Council ran a second hand toy sale to raise money for insulation.

The pastoral care within school continues to operate at an extremely high standard as evidenced by the responses to our parents' survey. The School Council has led further opportunities for pupils to take on challenges as well as raise money for many charitable causes. £2,400 was raised to buy a Nippy Ventilator for Martin House Hospice through a charity day triathlon. The pupils are actively involved in eco initiatives, National bike week, walk to school week and other travel plan initiatives.

After two years of work, in the 2011/12 academic year, planning permission has been granted to improve the parking facilities on site, whilst retaining the same amount of sports provision for use by the school and external clubs.

FINANCIAL REVIEW

Business review

The unrestricted surplus for the year amounted to £1,599 (2010 deficit £46,501) which has been added to unrestricted reserves. There was a £4,584 reduction in restricted funds, giving a total net reduction in funds of £2,985 in the year.

Investment powers

The Memorandum dictates that the Governors may invest the money of the Charity not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, but so that monies subject or representing property subject to the jurisdiction of the Charity Commissioners or the Department for Education shall only be invested in such securities as are prescribed by the Trustee Investment Act 1961 except that the restrictions in that Act on wider range investments shall not apply.

Tangible assets

The Charity's tangible assets are held for use by the School. The Governors maintain the freehold and long leasehold land and buildings out of expenditure charged to revenue to a standard which ensures that their residual value exceeds their net book amounts.

Reserves policy

The Governors aim to have sufficient available reserves to facilitate the efficient operation of the School both in terms of its short term operational and its long term capital requirements. Any free cash balances are invested in interest bearing accounts with reputable financial institutions. The reserves of the School include investment in school land and buildings with a net book value at 31 August 2011 of £496,306 (2010 £506,674).

Restricted funds

The Charity has a number of restricted funds which are represented by fixed assets and cash balances. The purposes of these funds are detailed in note 17 to the financial statements.

FUTURE PLANS

The key objectives for the year 2011/12 are -

- To continue to provide the highest possible educational and personal development opportunities for all pupils
- To aim for the Eco-School green flag award
- To further improve the feedback to parents, with increased use reporting and assessment and tracking data to inform decision making

Report of the Governors (continued)

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors, as Trustees, are responsible for preparing the Report of the Governors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the incoming resources and application of resources, including the net income or expenditure of the Charity for that period. In preparing those financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with the Companies Act 2006

BY ORDER OF THE BOARD



D Stubbs
Chairman of Governors
23 January 2012

Independent auditor's report to the members of Richmond House School

We have audited the financial statements of Richmond House School for the year ended 31 August 2011 which comprise the principal accounting policies, the Statement of Financial Activities (incorporating the income and expenditure account), the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of the Governors' Responsibilities set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Richmond House School

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Graham Nunns
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LEEDS
23 January 2012

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Companies Act 2006, and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005)

The Company has availed itself of the provisions of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the Company's activities

The principal accounting policies, which have remained unchanged from the previous year, are set out below

Company and charitable status

Richmond House School is a company limited by guarantee. The guarantors are the Governors named on page 1. The liability in respect of this guarantee, as set out in the memorandum, is limited to £1 per member. The Company is a charity, Registration Number 505630.

Cash flow statement

The Charity has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Incoming resources

Operation of school

Income from school fees and for other school services is recognised in line with the term to which they relate. Fees consist of charges billed, less bursaries and other discounts.

Investment income

Investment income relates to interest and is included when receivable.

Donations receivable

Donations received are treated as income in the year in which entitlement is demonstrable and conditions have been met. Donations subject to specific wishes of the donors are treated as restricted funds.

Resources expended

Resources expended are accounted for on an accruals basis. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs

Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include legal and audit fees, together with Trustees' reimbursed expenses.

Support costs

Support costs have been allocated to activity cost categories on a basis consistent with the use of the resources.

Principal accounting policies (continued)

Depreciation

Depreciation is calculated to write down cost of tangible fixed assets less estimated residual values by equal annual instalments over their expected useful lives. The rates generally applicable are

Freehold buildings	-	50 years
Pavilion building	-	25 years
Fixtures, fittings and equipment	-	4 - 10 years
Computer equipment	-	3 years
Machinery	-	20 years
Motor vehicles	-	4 years

Freehold and long leasehold land is not depreciated

The Charity capitalises assets where they are considered to have an economic benefit to the School for a period greater than a year

Fund accounting

Unrestricted funds are incoming resources received or generated for expenditure on the general objective of the Charity

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure, for these purposes, is charged to the fund

Pension costs

The Charity operates a defined contribution pension scheme. Contributions are charged against income as they become payable in accordance with the rules of the scheme

The Charity also makes contributions to The Teachers' Pension Scheme, a multi-employer defined benefit pension scheme. As the Charity is unable to separately identify its share of the assets and liabilities of the scheme, the scheme is accounted for as if it were a defined contribution scheme per FRS 17. The contributions are charged against income as they become payable in accordance with the rules of the scheme (note 11)

The Charity also operates a stakeholder pension which is available to all staff

Taxation

The Company, as a registered charity, enjoys the tax advantages commensurate with that status

Statement of financial activities (incorporating the income and expenditure account)

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Incoming resources					
Incoming resources from charitable activities					
- Tuition fees receivable	1	1,450,524	-	1,450,524	1,454,835
- Other income	1	252,920	-	252,920	247,667
- Donations		-	7,857	7,857	12,806
Investment income	2	5,344	-	5,344	10,833
Total incoming resources		1,708,788	7,857	1,716,645	1,726,141
Resources expended					
Charitable activities					
- Costs of operation of the school	4	(1,680,390)	(12,441)	(1,692,831)	(1,709,105)
- Restructuring costs	4	-	-	-	(40,819)
		(1,680,390)	(12,441)	(1,692,831)	(1,749,924)
Governance costs	6	(26,799)	-	(26,799)	(24,365)
Total resources expended		(1,707,189)	(12,441)	(1,719,630)	(1,774,289)
Surplus / (Deficit) of income over expenditure and (outgoing) resources for the year					
		1,599	(4,584)	(2,985)	(48,148)
Fund balances brought forward		1,035,924	21,023	1,056,947	1,105,095
Fund balances carried forward		1,037,523	16,439	1,053,962	1,056,947

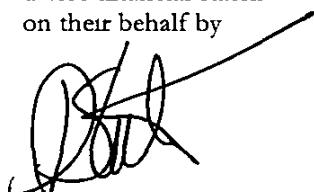
The company has no recognised gains or losses other than the results for the year as set out above. All of the activities of the company are classed as continuing.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	8	578,456	597,286
Current assets			
Debtors	9	54,760	62,144
Cash at bank and in hand		570,524	600,609
		625,284	662,753
Creditors: amounts falling due within one year	10	(149,778)	(203,092)
Net current assets		475,506	459,661
Total assets less current liabilities and net assets		1,053,962	1,056,947
Funds			
Restricted funds	15	16,439	21,023
Unrestricted accumulated funds	15	1,037,523	1,035,924
Total funds		1,053,962	1,056,947

These financial statements were approved by the Board of Governors on 23 January 2012 and are signed on their behalf by


D Stubbs
Chairman of Governors

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Incoming resources from charitable activities - operation of the school

	2011 £	2010 £
Tuition fees receivable	<u>1,450,524</u>	<u>1,454,835</u>
Other income		
Lunches	93,432	93,434
Pre and after school care	50,897	50,191
Peripatetic music	57,383	54,168
Extra curriculum activities	24,880	24,424
Learning support	8,516	7,012
Sundry income	17,812	18,438
	<u>252,920</u>	<u>247,667</u>

2 Investment income

Investment income comprises interest receivable from bank deposits

3 Staff costs

Total staff costs during the year were as follows

	2011 £	2010 £
Wages and salaries	1,082,058	1,123,516
Social security costs	92,256	95,341
Other pension costs	105,730	111,491
	<u>1,280,044</u>	<u>1,330,348</u>

The average number of employees during the year was as follows

	2011 Number	2010 Number
Teaching (including supply)	24	24
Administration	3	3
Other	22	25
	<u>49</u>	<u>52</u>

No Governors or connected parties received any remuneration, or had expenses reimbursed in the current or preceding accounting period

Notes to the financial statements (continued)

3 Staff costs (continued)

One employee earned more than £70,000 per annum in the current period Contributions to pensions schemes in respect of higher paid staff amounted to £9,028 (2010 £9,028)

The emoluments (excluding pensions costs) fell within the following ranges

	2011	2010
	Number	Number
	1	1
£70,001 to £80,000		

4 Charitable activities - costs of operation of the school

	2011	2010
	£	£
Direct charitable costs:		
Head teacher	79,397	79,226
Teachers	846,188	847,453
Kitchen staff	55,844	62,184
Non-teaching assistants	16,487	19,428
Nursery assistants	80,255	99,376
- Wages and salaries (note 3)	1,078,171	1,107,667
Other staffing costs	5,084	2,654
Peripatetic music	46,574	44,521
Extra curriculum activities	20,056	19,580
Educational departments	17,514	16,620
Canteen provisions	57,163	56,945
Premises costs	47,654	50,122
Repairs and renewals	24,200	23,398
Depreciation	45,608	51,098
Hire of amenities	10,750	9,604
Travelling expenses	7,177	7,071
Computer training and support	11,225	15,813
Cleaning materials	12,354	11,196
Doubtful debts	10,433	2,963
Subscriptions	6,284	5,721
Prize giving	6,131	5,625
Trips and outings	2,169	1,664
Bursary support	14,982	13,807
Support costs:		
Administrative wages and salaries (note 3)	201,873	196,663
Administration costs	20,627	18,013
Marketing and promotions	43,339	44,660
Sundry costs	3,463	3,700
	1,692,831	1,709,105
Restructuring costs	-	40,819
	1,692,831	1,735,471

Notes to the financial statements (continued)

5 Support costs

Support costs relating to the provision of general management, payroll administration, accounting and human resources support are attributable to the single charitable activity of the Charity and have been included in note 4

6 Governance costs

	2011 £	2010 £
Audit and accountancy fees	11,134	9,344
Legal and professional fees	15,665	15,021
	<u>26,799</u>	<u>24,365</u>

7 Total resources expended

	2011 £	2010 £
Auditor's remuneration	11,134	9,344
Depreciation of owned tangible fixed assets	<u>45,608</u>	<u>51,098</u>

8 Tangible fixed assets

	Freehold land and buildings £	Long leasehold land and buildings £	Fixture, fittings and equipment £	Machinery £	Motor vehicles £	Total £
Cost						
At 1 September 2010	339,779	320,025	706,234	18,675	50,412	1,435,125
Additions	-	-	26,778	-	-	26,778
At 31 August 2011	<u>339,779</u>	<u>320,025</u>	<u>733,012</u>	<u>18,675</u>	<u>50,412</u>	<u>1,461,903</u>
Depreciation						
At 1 September 2010	112,536	40,594	629,400	5,422	49,887	837,839
Charge for the year	6,796	3,572	33,781	934	525	45,608
At 31 August 2011	<u>119,332</u>	<u>44,166</u>	<u>663,181</u>	<u>6,356</u>	<u>50,412</u>	<u>883,447</u>
Net book value						
At 31 August 2011	<u>220,447</u>	<u>275,859</u>	<u>69,831</u>	<u>12,319</u>	-	<u>578,456</u>
At 31 August 2010	<u>227,243</u>	<u>279,431</u>	<u>76,834</u>	<u>13,253</u>	<u>525</u>	<u>597,286</u>

Notes to the financial statements (continued)

8 Tangible fixed assets (continued)

All tangible fixed assets were used for charitable purposes

Included in additions of £26,778 is £4,621 relating to assets acquired with restricted funds, the depreciation of which is charged to restricted funds in the statement of financial activities over the useful economic life of the assets

At 31 August 2011 assets with a cost of £81,094 and a net book amount of £16,439 been acquired with restricted funds. All other assets were purchased from unrestricted funds

9 Debtors

	2011 £	2010 £
Trade debtors	24,346	22,851
Prepayments	23,992	29,495
Accrued income	6,422	9,798
	<u>54,760</u>	<u>62,144</u>

10 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	30,139	80,548
Other creditors	23,426	26,159
Accruals	82,319	92,033
Deferred income	13,894	4,352
	<u>149,778</u>	<u>203,092</u>

Notes to the financial statements (continued)

11 Pensions

The Charity has a defined contribution scheme and offers a stakeholder pension scheme to all employees. The Charity also contributes to a defined benefit scheme, paying pension contributions at 14.1% to the Teachers' Pension Scheme administered by Teachers' Pension on behalf of the Department for Children, Schools and Families. The Teachers' Pension Scheme is a statutory scheme subject to the Teachers' Pension Regulations 1997 (as amended). The pension charge for the year includes contributions payable to the scheme of £100,251.

As the Charity is unable to separately identify its share of the assets and liabilities of the Teachers' Pension Scheme, the scheme is accounted for as if it were a defined contribution scheme per FRS 17. The contributions are charged against income as they become payable in accordance with the rules of the scheme.

12 Contingent liabilities

Richmond House School is a company limited by guarantee with no share capital. Each member is liable to contribute a sum not exceeding £1 in the event of a winding-up. There were no contingent liabilities at 31 August 2011 or 31 August 2010.

13 Taxation

Richmond House School has charitable status and its investment income and gains are exempt from corporation tax by virtue of the provisions of section 505, Income and Corporation Taxes Act 1988. Furthermore, it is considered that the trading activities of the Charity are carried out as the primary purpose of the charity and, accordingly, any element of the operating surplus attributable to such activities is also exempt from corporation tax under the provisions of that section.

14 Indemnity insurance

The Charity has purchased professional risks insurance to cover Governors' liability and professional indemnity up to £2,000,000.

Notes to the financial statements (continued)

15 Statement of funds

The movement in funds was as follows

	Unrestricted funds 2011 £	Restricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Cost				
Balance at 1 September 2010	1,035,924	21,023	1,056,947	1,105,095
Incoming resources	1,708,788	7,857	1,716,645	1,726,141
Resources expended	(1,707,189)	(12,441)	(1,719,630)	(1,774,289)
Balance at 31 August 2011	<u>1,037,523</u>	<u>16,439</u>	<u>1,053,962</u>	<u>1,056,947</u>

Unrestricted funds are those funds expendable at the discretion of the Governors in pursuance of the Charity's objectives

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total Funds £
Fund balances at 31 August 2011 are represented by			
Tangible fixed assets	562,017	16,439	578,456
Net current assets	475,506	-	475,506
	<u>1,037,523</u>	<u>16,439</u>	<u>1,053,962</u>

Included within unrestricted funds is freehold and long leasehold land and buildings with a net book value at the year-end of £496,306 (2010 £506,674)

17 Restricted funds

Group and Company

	Parents' Association Capital Fund £	Bursary Fund £	Total £
Balance at 1 September 2010	21,023	-	21,023
Incoming resources	4,621	3,236	7,857
Resources expended	(9,205)	(3,236)	(12,441)
Balance at 31 August 2011	<u>16,439</u>	<u>-</u>	<u>16,439</u>

The Parents' Association Capital Fund reflects donations from the Parents' Association to fund the purchase of specified fixed assets. The related annual depreciation relating to the fixed assets is charged against the restricted fund.

The Bursary Fund was established to provide assistance with school fees for those children who might otherwise not be able to attend Richmond House School.

Notes to the financial statements (continued)

18 Related Party Transactions

During the year the company entered into transactions with Get Savvy Marketing, a related party by virtue of one of the Directors being a Trustee/Director of Richmond House School. Purchases for PR and marketing activities for the year were £9,122 (2010 £12,025). There were no amounts outstanding at the end of the year.

The company also entered into transactions with Garnett Netherwood, a related party by virtue of one of the Directors being a Trustee/Director of Richmond House School. There were no purchases in the year but the accounts include a £2,400 accrual for works completed not yet invoiced in relation to an ongoing planning application (2010 nil).